Project Summary Sheet

Project Name: Middle Creek Flood Damage Reduction and Ecosystem Restoration Project, Phase II

Tracking No: 200784101

Location: Upper Lake – The project is located at the north end of Clear Lake in the area bounded by State Highway 20 and Rodman Slough.

County: Lake

Project Sponsor: Lake County Watershed Protection District

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Co-applicant(s): N/A

Assembly District: #1 Patty Berg **Senate District:** #2 Patricia A. Wiggins

Project Summary: Funds are being requested to continue acquiring property within Middle Creek Flood Damage Reduction and Ecosystem Restoration Project (Project) site and to pay a portion of the local share of design costs. In 2003, a $5.214 million FPCP grant was awarded to the Lake County Watershed Protection District (District) to begin acquiring property (later increased to $5.714 million). Full benefits of the acquisition will not be realized until the entire Project is implemented.

Funds are being requested for the nine remaining residential properties. The estimated costs of purchasing these properties, paying federally required relocation costs, demolishing improvements and placing the properties under a conservation easement is estimated at $5,908,000. Eight of the property owners indicated a willingness to sell in 2004. As over three years have elapsed, the District will be sending new letters inquiring about the willingness to sell to all property owners. In the event a residential property owner is not willing to sell or an agreement on fair market value is not reached, the District will utilize funds to acquire agricultural property from willing sellers.

Priorities are as follows:

- Nine (9) properties have residential structures that are subject to significant flood depths in the event of levee failure. These properties will receive the highest priority for purchase. Acquisition priority will be based the depth of flooding at each residential parcel. This essentially means acquisition will begin in the southern parcels and proceed northward.
- In the event that funds are available, second priority will be given to the remaining parcels based on the depth of flooding on each parcel. This essentially means acquisition will begin in the southern parcels and proceed northward.

- As funds become limited towards the end of the acquisition process, the District reserves the right to "bypass" properties that have values greater than the remaining funds available.

The US Army Corps of Engineers (Corps) has estimated design costs at $3,059,297. The Corps pays 75% of the design costs with the local sponsors paying 25%, or $764,824. The District has allocated funding for start of design for the past three years, however, funds were insufficient to pay the entire local share, and costs have increased over the passage of time. Should the Water Resources Development Act of 2007 pass, Design will start and the District will not have sufficient funds. Therefore, the District is requesting an additional $382,412 to pay 50% of the local share of design costs.

The Project is one step in the process of restoring damaged habitat and the water quality of the Clear Lake watershed. Reconnection of this large previously reclaimed area, as a functional wetland is anticipated to have a significant affect on the watershed health and the water quality of Clear Lake. The Project will also eliminate flood risk to 20 residential structures, numerous outbuildings and approximately 1,500 acres of agricultural land. This grant application is for a portion of the local cost share for property acquisition of the Middle Creek Flood Damage Reduction and Ecosystem Restoration Project.

The Project is located at the north end of Clear Lake in the area bounded by State Highway 20 and Rodman Slough. Clear Lake is a large, natural, shallow, eutrophic lake. It is the headwaters of Cache Creek, a tributary of the Bay-Delta. The Scotts Creek and Middle Creek watersheds, which comprise approximately one half of the Clear Lake watershed, drain through Rodman Slough adjacent to the project area. These two watersheds provide 57 percent of the inflow and 71 percent of the phosphorus loading to Clear Lake. One thousand two hundred eighty acres of "reclaimed" wetlands are located in the Project area.

Flood Benefits: No flood fight or flood structure maintenance is necessary. The project would reduce flood risk by removing structures and 16,000 acres of property at risk of severe flooding as a result of levee failure, reducing flood depths to zero in the Project area. There are 18 homes and numerous outbuildings subject to flooding should the levees fail. Because flood depths are great (over 5 feet in most locations) and would extend for extended periods, potential flood damages are high. Project would protect over three miles of public roads and a utility transmission line that cross the project area and are currently vulnerable to flood damage. The California Department of Water Resources (DWR) currently maintains the Middle Creek Flood Control Project in the Project area. The Project would remove approximately three miles of substandard levees, one pumping station and one weir structure from the Flood Control Project.

Agricultural Benefits: Approximately 1,650 acres of agricultural land would be flooded and no longer need protection.

Agricultural Land Conserved: N/A

Wildlife Benefits: Restore up to 1,400 acres of the 7,520 acres of historic wetlands in the Clear Lake basin. Restored habitat includes open water, seasonal wetlands, instream aquatic habitat, shaded aquatic habitat, and perennial wetlands. The area will receive pilot plantings of native, riparian and brush/woody vegetation. Additional upland habitat will be protected adjacent to the wetland and stream areas and provide a significant increase in habitat for fish and wildlife. The area is currently used extensively by migratory waterfowl.

The Project is adjacent to and directly linked to Clear Lake and Rodman Slough. Nearly the entire Project area is included in the Significant Natural Area #10 in the NDDB, which contains coastal, and valley freshwater marsh, bicarpellate western flax, tricolored blackbirds, yellow-headed blackbirds, great blue heron and double-breasted cormorant rookeries, and osprey nests. Terrestrial species include black-tailed deer, coyote, bobcat, mountain lion, black-tailed hare, gray fox, skunk and river otter. Other avian species include bald eagles, golden eagles, songbirds and the mourning dove.

Wildlife Habitat Conserved: Restore up to 1,400 acres.

Total area conserved: 1,650 Acres

Other Benefits: The Project would remove up to 40 percent of the phosphorus entering Clear Lake from Middle and Scotts Creeks, which could in turn reduce phosphorus concentrations in Clear Lake which would potentially reduce the chlorophyll concentrations; a corresponding reduction in total organic carbon would also be realized. The project would provide some nitrogen removal benefits to Clear Lake and Improve water quality which will reduce the cost of treating lake water to drinking water standards. This project will also enhance recreation and tourism.

Total Cost: $9,677,797

FPCP Funds Requested: $7,000,912

Management Review Team Funding Recommendation: Provide $2,500,000 from this funding cycle, and provide an additional $1,500,000 from FY 08-09 Proposition 84 funding and $3,000,000 from Proposition 13 in FY 09-10.

Funding Partners and Share of Cost: Local Funds contributed is $382,412 and additional funding of $2,294,473.

Supplemental Information:

1. Is there a full hydrologic report with the application, or is there simply an engineer's opinion? Either way, what is the conclusion as to the anticipated flood

benefits of the project? Response: The flood benefits come from removing residences from a floodplain that cannot be made safe from future flooding. The MA-17 levees provide approximately a 4-year level of protection. Although greater floods have come in recent years, the levees have been preserved from breaching by intense floodfighting by the County.

2. What exactly will the FPCP funds pay for?
    a. If the project applicant indicated they could accept less – then what (if anything) would be cut from the project? (What is lost by providing less FPCP grant money?) Response: The grant funds will be used for purchasing the remaining homes and agricultural land that is protected by the MA-17 levees, to relocate residents to alternate housing outside the floodplain, and to establish an endowment fund for maintenance equal to 20% of the purchase price. Approximately $7 million is needed, but if $3 million is provided this year from Proposition 13, the grantee will have enough funding to continue acquisition efforts at the current pace until next year's budgeted funds can be made available from Proposition 1E.

    b. Does the applicant have access to alternate funding to replace the amount deducted from their request so that they can still spend the total amount they requested? If so, what would be the alternate funding source(s) and is the alternate funding already allocated, promised or committed? Response: Relying on left over Proposition 13 funds will provide an alternative source so the grantee can continue property acquisitions without using Proposition 84 funds.

    c. When giving a project score credit for matching funds, how much of the funding is matched? What is the source of the matching funds and are the matching funds already committed? Response: Matching funds are very limited and not committed at this time.

3. If there is funding for acquisition of property, what is the type of ownership? Easement? Fee title? Or Both? Response: The grantee is acquiring the property in fee.
    a. Who will own the easement or fee title? DWR? Project applicant? Other? Response: The grantee will own the property and will convey an easement to Department of Fish and Game or a local land conservancy.

4. Does any portion of the project site have mitigation bank potential for DWR to gain mitigation credits for its maintenance program? (Note: Mitigation property would need to be within 40 miles of the disturbance area that needs to be mitigated). Response: The property could be used for self-mitigation of projects undertaken within the MA-17 area. All other DWR maintenance responsibilities are too far away to benefit from mitigation here.

5. Is the project a USACE authorized project? If so, is there USACE funding for the project? Should the USACE be fully funding the project? Response: The project was authorized as a USACE project in the most recent Water Resources Development Act, but no Corps funding is available.

6. Can the management of transitory water storage on the site be optimized for flood benefit? (look to the hydrology report for info on this). Is the applicant willing to work with DWR on water management during extreme flood events. Response: Flood benefit here is not from developing transitory storage but from removing vulnerable properties from the floodplain, so this question does not apply.